



DEPARTMENT OF THE NAVY

COMMANDER IN CHIEF  
UNITED STATES PACIFIC FLEET  
250 MAKALAPA DRIVE  
PEARL HARBOR, HAWAII 96860-7000

IN REPLY REFER TO:

CINCPACFLTINST 4200.2B  
(N412)  
10 OCT 1995

CINCPACFLT INSTRUCTION 4200.2B

Subj: CINCPACFLT PRICE FIGHTER PROGRAM

Ref: (a) PRICE CHALLENGE HOTLINE OPERATIONS MANUAL  
(b) OPNAVINST 1650.8C  
(c) CINCPACFLTINST 1650.6D  
(d) NAVSUP P-560

1. Purpose. To provide CINCPACFLT policy and procedures for and to encourage the challenging of suspected over-priced material. To establish and publish procedures for the annual CINCPACFLT Price Fighter Excellence Award.

2. Cancellation. CINCPACFLTINST 4200.2A and CINCPACFLTINST 4200.1B. This instruction has been revised in its entirety and it incorporates and supersedes CINCPACFLTINST 4200.1B.

3. Background. The Price Fighter Program was established to reduce the cost of material and services purchased to support Fleet operations. Major objectives of the Price Fighter Program are to increase competition, to recover any defense contractor overcharges, and to obtain fair pricing of spare parts. Since the cornerstone of the Price Fighter Program performance is adherence to established laws, regulations, and procedures, the CINCPACFLT Price Fighter Program includes aspects of contracting operations, including Procurement Management Review (PMR) performance. In April 1994, the Navy's Price Fighting organization was assumed by the Fitting Out and Supply Support Assistance Center (FOSSAC).

4. Policy. CINCPACFLT policy is to support the Price Fighter Program with full and active participation by all hands. Maximum use should be made of the following Price Fighter Programs:

a. FOSSAC Price Challenge Hotline. The Price Challenge Hotline program was developed to research potential overpriced standard stock material and is explained in reference (a). The Price Challenge Hotline may be reached 24 hours a day, 7 days a week, by phone at 1-800-NAV-CHAL (628-2425); Commercial (804) 445-1786; DSN 565-1786. Written challenges can be faxed to (804) 445-2482 or mailed to:

Commanding Officer  
Fitting Out and Supply Support Assistance Center (FOSSAC 08)  
P.O. Box 15129  
Norfolk, VA 23511-0129

Challenges can also be sent via the Streamlined Alternative Logistics Transmission (SALTS) network to FOSSAC Price Fighter (FNP) or sent over the INTERNET to PRICE\_FIGHTER\$@FOSSAC.NAVY.MIL.

b. Price Fighter Buyer Tech-Line. The Buyer Tech-Line program was established to provide rapid and responsive technical assistance for buyers. A process called "should cost" analysis is used to develop a fair price for a part by estimating the material, labor, and overhead costs necessary to manufacture the item. The Buyer Tech-Line may be used when local technical resources have been exhausted and additional technical information is required to support an intelligent, cost-effective purchase. In addition to "should cost" information, the Price Fighter staff can provide National Stock Numbers (NSNs) for part numbers, Management List-Navy prices, alternate sources of supply, substitute items, system application, next higher assembly, cognizant engineering activity, military specification number, and other technical information. The Buyer Tech-Line staff can be reached during business hours (0700-1600 EST) by phone at (804) 445-1662 or DSN 565-1662. An automatic answering machine will record calls after working hours. A return call will be made the next business day to obtain pertinent information necessary to initiate a case.

5. Action. PACFLT activities must comply with the following guidance which has been in effect since August 1983:

a. Use the supply system for parts and supplies. Do not open purchase items that are available in the supply system.

b. When parts and supplies are not obtainable from the supply system and when a buy is absolutely necessary, approve the requisition/buy at an appropriate level using a strict interpretation of urgency of need. Compliance requires discipline and review of items routinely bought including office supplies. File documentation is required when commercial items are bought in place of standard stock. As a general rule, competition is required for such buys. Where competition is lacking, documented proof must be incorporated in the file.

c. If substantially increased prices result from urgency or other special requirements, the requirement and price should be validated by the end user. Compliance requires the buying activity first to substantiate price as fair and reasonable, to document the file, and then to obtain documented end user validation. The contracting officer is responsible for justifying fairness and reasonableness of price including price premiums for accelerated delivery. The user is responsible for validating urgency of need.

d. Establish a competition advocate program at all contracting activities with contracting authority in excess of \$25,000 and at customer activities with annual procurement requirements in excess of one million dollars. It is acceptable for PACFLT customer activities to assign competition advocate responsibilities as a collateral duty.

e. Challenge suspected overpriced items using the FOSSAC Price Challenge Hotline as detailed above.

f. Recognize and reward Navy personnel who identify or participate in cost savings. Conversely, take prompt action against Navy personnel who are negligent in complying with and implementing policy and procedures for acquisition of spare parts. Compliance requires active and aggressive programs to recognize and reward cost savings. The incentive and cash awards programs, references (b) and (c), should be utilized.

6. Commands having audit and inspection authority will have procurement, including spare parts pricing, as an inspection item. Command inspections are to use this instruction and its references to measure activity compliance with the Price Fighter Program.

7. All commands should ensure controls are in place ashore and afloat to ensure correct procurement procedures as required by reference (d).

8. The Price Fighter Excellence Award is specifically designed to stimulate interest and recognize activity performance in pursuit of price fighting excellence. The award is made on a fiscal year basis. All PACFLT commands are eligible and are encouraged to participate in the appropriate category as defined below:

<u>CATEGORY</u>	<u>DESCRIPTION</u>
Shore Procurement Activity	PACFLT shore activities with contracting authority
Shore Customer	All other PACFLT shore activities
Large Afloat Activity	AD, AS, CV/CVN, LHA, LHD, LPH
Small Afloat Activity	All other afloat activities
Aviation Squadron Activity	All Navy and Marine Corps Aviation squadrons

9. All PACFLT commands with contracting authority participate in the Procurement Activity category. Price Fighter Excellence Award nomination criteria are as follows:

a. Results of the most recent procurement management review (PMR) and command inspection including comments on price fighting performance.

b. Total dollar value of open purchases over \$2,500 awarded competitively as a percentage of total value of buys over \$2,500.

c. Number of sole source purchase requisitions opened to competition as a percentage of total sole source requisitions.

d. Number of Price Challenge Hotline challenges/suspected overcharging notifications submitted and accepted.

e. Dollar savings generated from the Price Challenge Hotline, beneficial suggestions, or other command programs. Applies to ordered material and contract services only.

f. Number of incentive awards and funds awarded for Price Fighter Program initiatives.

g. A brief synopsis of the command Price Fighter Program describing how the program is implemented and emphasized at the command.

10. All other PACFLT shore commands and all afloat activities (ships and squadrons) may participate in the appropriate Customer Activity Category. The Price Fighter Excellence Award criteria are as follows:

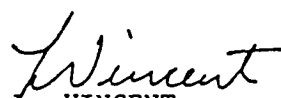
a. Results of most recent command inspection/supply management inspection including comments on price fighting performance.

b. Items 9(d) through 9(g) above.

11. Command submissions are to be limited to two pages and should address the criteria outlined in paragraph 9 or 10 above. Command submissions are to be received by the cognizant type commander not later than 15 November. Type commanders are to select one award nominee and up to three honorable mention nominees per category and forward their recommendations to CINCPACFLT N4121 not later than 15 December. Operational staffs such as type commanders and Immediate Superiors in Command will act as reviewers, not as participants, in the Price Fighter Excellence Award process. Commands finishing in first or second place in each category will receive a plaque. Honorable mentions will receive a certificate. All winners will be recognized in an ALPACFLT message.

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